

## AUDITING PROCEDURES REPORT

Issued under P.A. 2 of 1968, as amended. Filing is mandatory.

Local Government Type <input type="checkbox"/> City <input checked="" type="checkbox"/> Township <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Government Name BRIDGEWATER	County WASHTENAW
Audit Date MARCH 31, 2005	Opinion Date JUNE 13, 2005	Date Accountant Report Submitted to State: AUGUST 2, 2005	

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

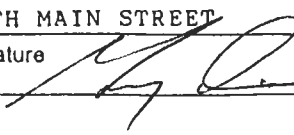
We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable box for each item below.

- ☐ yes ☒ no 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.
- ☐ yes ☒ no 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).
- ☐ yes ☒ no 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).
- ☐ yes ☒ no 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.
- ☐ yes ☒ no 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]).
- ☐ yes ☒ no 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit.
- ☐ yes ☒ no 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year).
- ☐ yes ☒ no 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).
- ☐ yes ☒ no 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).

### We have enclosed the following:

	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.			X
Reports on individual federal financial assistance programs (program audits).			X
Single Audit Reports (ASLGU).			X

Certified Public Accountant (Firm Name) ROBERTSON, EATON & OWEN, P.C.			
Street Address 121 NORTH MAIN STREET	City ADRIAN	State MI	ZIP 49221
Accountant Signature 			

**BRIDGEWATER TOWNSHIP  
WASHTENAW COUNTY, MICHIGAN**

**FINANCIAL STATEMENTS**

**YEAR ENDED MARCH 31, 2005**

**WITH  
INDEPENDENT AUDITORS' REPORT**

**BRIDGEWATER TOWNSHIP  
WASHTENAW COUNTY, MICHIGAN**

**INDEPENDENT AUDITORS' REPORT**

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**BRIDGEWATER TOWNSHIP  
WASHTENAW COUNTY, MICHIGAN**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**For the Year Ended March 31, 2005**

As management of Bridgewater Township, Washtenaw County, Michigan, we offer readers of Bridgewater Township, Washtenaw County, Michigan's financial statements this narrative overview and analysis of the financial activities of Bridgewater Township, Washtenaw County, Michigan for the fiscal year ended March 31, 2005. We encourage readers to consider the information presented here.

**Financial Highlights**

- The assets of Bridgewater Township, Washtenaw County, Michigan exceeded its liabilities at the close of the most recent fiscal year \$1,500,363 (*net assets*). Of this amount, \$191,174 (*unrestricted net assets*) may be used to meet the government's ongoing obligations to citizens and creditors.
- The government's total net assets increased \$734,881. This increase is mainly due to the Capital Sewer Grant and Special Assessment.
- At the end of the current year, unreserved fund balance for the general fund was \$191,174 or 54 percent of total General Fund expenditures.
- Bridgewater Township, Washtenaw County, Michigan's total debt was \$1,095,000 at March 31, 2005.

**Overview of the Financial Statements**

This discussion and analysis is intended to serve as an introduction to Bridgewater Township, Washtenaw County, Michigan's basic financial statements. Bridgewater Township, Washtenaw County, Michigan's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements.

**Government-wide financial statements.** The *government-wide financial statements* are designed to provide readers with a broad overview of Bridgewater Township, Washtenaw County, Michigan's finances, in a manner similar to a private-sector business.

The *statement of net assets* presents information on all of Bridgewater Township, Washtenaw County, Michigan's assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of Bridgewater Township, Washtenaw County, Michigan is improving or deteriorating.

The *statement of activities* presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes).

Both of the government-wide financial statements distinguish functions of Bridgewater Township, Washtenaw County, Michigan that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of Bridgewater Township, Washtenaw County, Michigan include the general government, fire and police protection, and road maintenance. The business-type activities of Bridgewater Township, Washtenaw County, Michigan is the sewer system.

The government-wide financial statements can be found on pages 5 – 7 of this report.

**Fund financial statements.** A *fund* is a grouping of related accounts that is used to maintain control over resources that been segregated for specific activities or objectives. Bridgewater Township, Washtenaw County, Michigan, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of Bridgewater Township, Washtenaw County, Michigan can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

**Governmental funds.** *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balance provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

Bridgewater Township, Washtenaw County, Michigan maintains one individual governmental fund. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balance for the General Fund, which is considered to be a major fund

Bridgewater Township, Washtenaw County, Michigan adopts an annual appropriated budget for the General Fund. A budgetary comparison statement has been provided for the General Fund to demonstrate compliance with budget.

The basic governmental fund financial statements can be found on pages 8 – 11 of this report.

*Proprietary Fund.* Bridgewater Township, Washtenaw County, Michigan maintains one type of Proprietary Fund. The *Enterprise Fund* is used to report the same functions presented as *business-type activities* in the government-wide financial statements. Bridgewater Township, Washtenaw County, Michigan uses an Enterprise Fund to account for its Sewer Fund.

The Proprietary Fund provides the same type of information as the government-wide financial statements, only in more detail. The Proprietary Fund financial statements provide separate information for the Sewer Fund, which is considered to be a major fund of Bridgewater Township, Washtenaw County, Michigan.

The basic Proprietary Fund financial statements can be found on pages 12 – 14 of this report.

*Fiduciary Fund.* The Fiduciary Fund is used to account for resources held under tax collection activity. The Fiduciary Fund is *not* reflected in the government-wide financial statement. The accounting used for the Fiduciary Fund is much like that used for the Proprietary Fund.

The basic Fiduciary Fund financial statement can be found on page 15 of this report.

**Notes to the financial statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 16 – 26 of this report.

### **Government-wide Financial Analysis**

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of Bridgewater Township, Washtenaw County, Michigan, assets exceeded liabilities by \$1,500,363 at the close of the most recent fiscal year.

By far the largest portion of Bridgewater Township, Washtenaw County, Michigan's net assets (60 percent) reflects its investment in capital assets (e.g., land, buildings, equipment, sewer system), less any related debt used to acquire those assets that is still outstanding. Bridgewater Township, Washtenaw County, Michigan uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although Bridgewater Township, Washtenaw County, Michigan's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

### Bridgewater Township, Washtenaw County, Michigan's Net Assets

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Current and other assets	\$ 318,923	\$ 1,116,950	\$ 1,435,873
Capital assets	<u>147,814</u>	<u>1,848,967</u>	<u>1,996,781</u>
Total assets	<u>\$ 466,737</u>	<u>\$ 2,965,917</u>	<u>\$ 3,432,654</u>
Long term liabilities outstanding	\$	\$ 1,095,000	\$ 1,095,000
Other liabilities	<u>22,487</u>	<u>814,804</u>	<u>837,291</u>
Total liabilities	<u>\$ 22,487</u>	<u>\$ 1,909,804</u>	<u>\$ 1,932,291</u>
<b>Net assets:</b>			
Invested in capital assets, net of related debt	\$ 147,814	\$ 753,967	\$ 901,781
Restricted	105,262	302,146	407,408
Unrestricted	<u>191,174</u>	<u></u>	<u>191,174</u>
Total net assets	<u>\$ 444,250</u>	<u>\$ 1,056,113</u>	<u>\$ 1,500,363</u>

A portion of Bridgewater Township, Washtenaw County, Michigan's net assets (27 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net assets* (\$191,174) may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, Bridgewater Township, Washtenaw County, Michigan is able to report positive balances in all three categories of net assets, both for the government as a whole, as well as for its separate governmental and business-type activities. The same situation held true for the prior fiscal year.

#### Financial Analysis of the Government's Funds

As noted earlier, Bridgewater Township, Washtenaw County, Michigan uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental fund.** The focus of Bridgewater Township, Washtenaw County, Michigan's *governmental fund* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing Bridgewater Township, Washtenaw County, Michigan's financing requirements. In particular, *unreserved fund balance* may serve as a useful measure of a government's net resources available for spending at the end of this fiscal year.

The General Fund is the chief operating fund and only governmental fund of Bridgewater Township, Washtenaw County, Michigan. At the end of the current fiscal year, unreserved fund balance of the General Fund was \$191,174.

The fund balance of Bridgewater Township, Washtenaw County, Michigan's General Fund increased by (\$81,598) during the current fiscal year. Key factors in this increase were the increased property tax revenue for police (\$60,825) and less overall expenditures in the General Fund than in prior year (\$27,567).

**Proprietary Fund** - Bridgewater Township, Washtenaw County, Michigan's Proprietary Fund provides the same type of information found in the government-wide financial statements, but in more detail.

Restricted net assets of the Sewer Fund at the end of the year amounted to \$302,146.

### **General Fund Budgetary Highlights**

Differences between the original budget and the final amended budget were relatively minor and can be briefly summarized as follows:

#### **Income:**

1. Property tax income was adjusted to actual.
2. Property taxes designated for police services were increased \$61,297 due to a 1.3 millage approved by voters in November 2004.
3. Tax collection fees were increased \$3,774 as the Board did not expect the summer collection fee income.
4. State Revenue Sharing and funds from the Metro Authority were down \$1,420 and \$1,422, respectively, and the budget was adjusted accordingly.
5. Various budgeted expenses were increased or decreased due to actual expenditures being more or less than originally estimated.
6. Police service expenses increased \$20,291 because voters approved a millage that would fund these services.

During the year, budgeted revenues exceeded budgeted expenses, thus eliminating any need to draw upon the existing fund balance.

### **Capital Asset and Debt Administration**

**Capital assets.** Bridgewater Township, Washtenaw County, Michigan's investment in capital assets for its governmental and business-type activities as of March 31, 2005, amounts to \$1,996,781 net of accumulated depreciation). This investment in capital assets includes land, buildings, equipment, and utility system.



### Bridgewater Township, Washtenaw County, Michigan's Capital Assets

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Land	\$ 70,863	\$ 55,355	\$ 126,218
Buildings	64,241		64,241
Equipment	12,710		12,710
Construction in progress	<u>          </u>	<u>1,793,612</u>	<u>1,793,612</u>
 Total	 <u>\$ 147,814</u>	 <u>\$ 1,848,967</u>	 <u>\$ 1,996,781</u>

Additional information on Bridgewater Township's capital assets can be found in Note 3 on pages 21 - 24.

**Long-term debt.** At the end of the current fiscal year, Bridgewater Township, Washtenaw County, Michigan had total bonded debt outstanding of \$1,095,000. The debt represents bonds secured solely by specified revenue sources (i.e., revenue bonds) from the Sewer Fund.

### Bridgewater Township, Washtenaw County, Michigan's Outstanding Debt Revenue Bonds

	<u>Business-type Activities</u>
Revenue Bonds	<u>\$ 1,095,000</u>

Additional information on Bridgewater Township, Washtenaw County, Michigan's long-term debt can be found in Note 8, on page 26, of this report.

### Economic Factors and Next Year's Budgets and Rates

When determining the budget for the next fiscal year 2005 – 2006, the following factors were considered:

1. The State of Michigan is estimating that Revenue Sharing will decrease compared to the previous year.
2. Property tax revenue is estimated to increase 3% over last year.
3. The Township currently has two millages designated for roads and police. The budget reflects the estimated income and expenses designated for these two services based on property tax collections and cost estimates from the County.
4. Due to a new sewer plant, there will be income from residents for the operations of the plant and related expenses. At this time, the Board is gathering information regarding the estimated income and expenses.

**Economic Factors and Next Year's Budgets and Rates (Continued)**

5. Tax collection fee income will be eliminated in the upcoming budget due to the State's requirements to produce summer tax bills.
6. Provisions for updating computer hardware and software are necessary and estimates have been included in the budget to begin this process.
7. A 3% Cost of Living Adjustment (COLA) has been included for Township employees.
8. All other estimates will be based on prior year actual activity.

**Requests for Information**

This financial report is designed to provide a general overview of Bridgewater Township, Washtenaw County, Michigan's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Bridgewater Township, 9590 Kies Road, Manchester, Michigan 48158.

June 13, 2005

## INDEPENDENT AUDITORS' REPORT

Bridgewater Township  
Washtenaw County, Michigan

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Bridgewater Township, Washtenaw County, Michigan, as of and for the year ended March 31, 2005, which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Bridgewater Township, Washtenaw County, Michigan's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Bridgewater Township, Washtenaw County, Michigan, as of March 31, 2005, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 1, the Township has implemented a new financial reporting model, as required by the provisions of GASB Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, as of April 1, 2004.

June 13, 2005

Bridgewater Township  
Washtenaw County, Michigan

In accordance with *Government Auditing Standards*, we have also issued our report dated June 13, 2005 on our consideration of Bridgewater Township, Washtenaw County, Michigan's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The management's discussion and analysis on pages i through vii is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

***Robertson, Eaton & Owen, P.C.***

June 13, 2005

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON  
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF  
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH  
GOVERNMENT AUDITING STANDARDS**

Bridgewater Township  
Washtenaw County, Michigan

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Bridgewater Township, Washtenaw County Michigan, as of and for the year ended March 31, 2005, which collectively comprise Bridgewater Township, Washtenaw County Michigan's basic financial statements and have issued our report thereon dated June 13, 2005. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**INTERNAL CONTROL OVER FINANCIAL REPORTING**

In planning and performing our audit, we considered Bridgewater Township, Washtenaw County Michigan's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

June 13 , 2005

Bridgewater Township  
Washtenaw County, Michigan

#### **COMPLIANCE AND OTHER MATTERS**

As part of obtaining reasonable assurance about whether Bridgewater Township, Washtenaw County Michigan's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the management of Bridgewater Township, Washtenaw County, Michigan, Departments of the State of Michigan, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

***Robertson, Eaton & Owen, P.C.***

**BRIDGEWATER TOWNSHIP  
WASHTENAW COUNTY, MICHIGAN**

**STATEMENT OF NET ASSETS**

**March 31, 2005**

**PRIMARY GOVERNMENT**

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
<b>ASSETS:</b>			
Cash and cash equivalents	\$ 291,994	\$ 124,243	\$ 416,237
Receivables	2,747	113,204	115,951
Internal balances	(2,000)	2,000	
Due from tax account	9,571		9,571
Due from other governments	16,611		16,611
Special assessment receivable		814,010	814,010
<b>Restricted assets:</b>			
Cash and cash equivalents		63,493	63,493
<b>Capital assets:</b>			
Land	70,863	55,355	126,218
Buildings	98,329		98,329
Equipment	28,244		28,244
Construction in progress		1,793,612	1,793,612
Less: Accumulated depreciation	<u>(49,622)</u>		<u>(49,622)</u>
Total assets	<u>\$ 466,737</u>	<u>\$ 2,965,917</u>	<u>\$ 3,432,654</u>
<b>LIABILITIES:</b>			
Accounts payable	\$ 6,505	\$ 794	\$ 7,299
Accrued expenses	15,982		15,982
Special assessments deferred revenue		814,010	814,010
<b>Noncurrent liabilities:</b>			
Due within one year		50,000	50,000
Due in more than one year		<u>1,045,000</u>	<u>1,045,000</u>
Total liabilities	<u>22,487</u>	<u>1,909,804</u>	<u>1,932,291</u>
<b>NET ASSETS:</b>			
Invested in capital assets, net of related debt	147,814	753,967	901,781
<b>Restricted for:</b>			
Police services	39,862		39,862
Road improvements	65,400		65,400
Sewer construction		63,493	63,493
Unrestricted	<u>191,174</u>	<u>238,653</u>	<u>429,827</u>
Total net assets	<u>\$ 444,250</u>	<u>\$ 1,056,113</u>	<u>\$ 1,500,363</u>

The notes to the financial statements are an integral part of this statement.

**BRIDGEWATER TOWNSHIP  
WASHTENAW COUNTY, MICHIGAN**

**STATEMENT OF ACTIVITIES**

**For the Year Ended March 31, 2005**

		<u>Program Revenues</u>		
<u>Functions/Programs</u>	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
<b>Primary Government:</b>				
<b>Governmental activities:</b>				
General government	\$ 142,095	\$	\$	\$
Highways, streets, and bridges	72,290			
Sanitation	22,007			
Public safety	<u>120,529</u>	<u>12,428</u>	<u>31,445</u>	<u></u>
Total governmental activities	<u>356,921</u>	<u>12,428</u>	<u>31,445</u>	<u>-</u>
<b>Business-Type activities:</b>				
Sewer Fund	<u>1,636</u>	<u></u>	<u></u>	<u>646,367</u>
Total business-type activities	<u>1,636</u>	<u>-</u>	<u>-</u>	<u>646,367</u>
Total primary government	<u>\$ 358,557</u>	<u>\$ 12,428</u>	<u>\$ 31,445</u>	<u>\$ 646,367</u>

**General Revenues:**

Property taxes  
Intergovernmental – State  
Licenses, fees, and fines  
Unrestricted investment earnings  
Miscellaneous

Total general revenues

Change in net assets

Net assets – beginning of year

Net assets – end of year

The notes to the financial statements are an integral part of this statement.



**Net (Expense) Revenue and Changes in Net Assets**  
**Primary Government**

<b><u>Governmental Activities</u></b>	<b><u>Business-Type Activities</u></b>	<b><u>Total</u></b>
\$ (142,095)	\$	\$ (142,095)
(72,290)		(72,290)
(22,007)		(22,007)
<u>(76,656)</u>	<u></u>	<u>(76,656)</u>
<u>(313,048)</u>	<u>-</u>	<u>(313,048)</u>
<u></u>	<u>644,731</u>	<u>644,731</u>
<u>-</u>	<u>644,731</u>	<u>644,731</u>
<u>\$ (313,048)</u>	<u>\$ 644,731</u>	<u>\$ 331,683</u>
\$ 226,564	\$	\$ 226,564
108,970		108,970
43,448		43,448
4,269	18,689	22,958
<u>8,672</u>	<u>(7,414)</u>	<u>1,258</u>
<u>391,923</u>	<u>11,275</u>	<u>403,198</u>
78,875	656,006	734,881
<u>365,375</u>	<u>400,107</u>	<u>765,482</u>
<u>\$ 444,250</u>	<u>\$ 1,056,113</u>	<u>\$ 1,500,363</u>

**BRIDGEWATER TOWNSHIP  
WASHTENAW COUNTY, MICHIGAN**

**BALANCE SHEET**

**GOVERNMENTAL FUND**

**March 31, 2005**

	<b><u>General Fund</u></b>
<b>ASSETS:</b>	
Cash and cash equivalents	\$ 291,994
Taxes receivable	2,747
Due from other funds	9,571
Receivables from other governments	<u>16,611</u>
Total assets	<u><u>\$ 320,923</u></u>
<b>LIABILITIES:</b>	
Accounts payable	6,505
Escrow deposits payable	15,982
Due to other funds	<u>2,000</u>
Total liabilities	<u>24,487</u>
<b>FUND BALANCES:</b>	
<b>Reserved for:</b>	
Police services	39,862
Roads	65,400
Unreserved	<u>191,174</u>
Total fund balances	<u>296,436</u>
Total liabilities and fund balances	<u><u>\$ 320,923</u></u>
Amounts reported for governmental activities in the Statement of Net Assets are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.	\$ 147,814
Total fund balance in governmental fund	<u>296,436</u>
Total net assets of governmental activities	<u><u>\$ 444,250</u></u>

The notes to the financial statements are an integral part of this statement.

**BRIDGEWATER TOWNSHIP  
WASHTENAW COUNTY, MICHIGAN**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE –**

**GOVERNMENTAL FUND**

**For the Year Ended March 31, 2005**

	<b><u>General Fund</u></b>
<b>Revenues:</b>	
Property taxes - General	\$ 60,615
Property taxes - Roads	72,152
Property taxes - Police	93,797
Fees and permits	13,380
Charges for services (fire)	12,428
State shared revenue	108,970
Administrative and collection fees – taxes	30,068
Interest	4,269
Miscellaneous revenues	<u>40,117</u>
Recycling revenue	<u>435,796</u>
Total revenues	
<b>Expenditures:</b>	
<b>Current:</b>	
General government	139,372
Public safety	120,529
Highways, streets, and bridges	72,290
Sanitation	<u>22,007</u>
Total expenditures	<u>354,198</u>
Excess of revenues over expenditures	81,598
Fund balances - beginning of year	<u>214,838</u>
Fund balances - end of year	<u>\$ 296,436</u>
Amounts reported for governmental activities in the Statement of Activities are different because:	
Net change in fund balance – total governmental funds	\$ 81,598
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period. (Total depreciation \$2,723 less total capital outlays \$-0-).	<u>(2,723)</u>
Change in net assets of governmental activities	<u>\$ 78,875</u>

The notes to the financial statements are an integral part of this statement.

**BRIDGEWATER TOWNSHIP  
WASHTENAW COUNTY, MICHIGAN**

**GENERAL FUND**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE –  
BUDGET AND ACTUAL**

**For the Year Ended March 31, 2005**

	<b>Budgeted Amounts</b>			<b>Variance with Final Budget - Positive (Negative)</b>
	<b><u>Original</u></b>	<b><u>Final</u></b>	<b><u>Actual Amounts</u></b>	
<b>Revenues:</b>				
<b>Property taxes:</b>				
General	\$ 59,343	\$ 60,614	\$ 60,615	\$ 1
Roads	67,938	72,152	72,152	
Police	<u>32,500</u>	<u>93,797</u>	<u>93,797</u>	
Total property taxes	<u>159,781</u>	<u>226,563</u>	<u>226,564</u>	<u>1</u>
<b>Licenses, fees and charges for services:</b>				
Licenses and permits	15,200	15,200	13,380	(1,820)
Fees – fire	9,000	9,000	12,428	3,428
Administrative and collection fees – taxes	<u>22,660</u>	<u>26,434</u>	<u>30,068</u>	<u>3,634</u>
Total licenses, fees and charges for services	<u>46,860</u>	<u>50,634</u>	<u>55,876</u>	<u>5,242</u>
Intergovernmental revenue – State	<u>110,682</u>	<u>109,262</u>	<u>108,970</u>	<u>(292)</u>
<b>Miscellaneous:</b>				
Income and interest	<u>39,745</u>	<u>38,769</u>	<u>44,386</u>	<u>5,617</u>
Total revenues	<u>357,068</u>	<u>425,228</u>	<u>435,796</u>	<u>10,568</u>
<b>Expenditures:</b>				
<b>General Government</b>				
Township Board	5,850	7,136	7,026	110
Supervisor	14,500	15,217	15,334	(117)
Assessor	18,660	19,165	18,809	356
Clerk	15,620	16,066	15,817	249
Treasurer	18,550	18,550	18,301	249
Legal and audit fees	8,400	8,300	7,759	541
Boards of Review and Appeal	1,275	1,165	943	222
Building and grounds	10,650	7,419	5,178	2,241
Cemetery	1,300	1,437	1,437	
Insurance	5,500	5,550	5,549	1
Planning Commission	20,594	21,010	15,911	5,099
Zoning	11,055	11,055	9,252	1,803
Ordinance enforcement	550	550	208	342
Printing and publishing	2,450	2,036	2,301	(265)
Membership dues	1,800	1,956	1,956	
Payroll taxes	5,500	5,500	4,986	514
Miscellaneous	5,275	5,419	4,487	932
Election	<u>3,400</u>	<u>4,803</u>	<u>4,118</u>	<u>685</u>
Total General Government	<u>150,929</u>	<u>152,334</u>	<u>139,372</u>	<u>12,962</u>
Total expenditures carried forward	<u>\$ 150,929</u>	<u>\$ 152,334</u>	<u>\$ 139,372</u>	<u>\$ 12,962</u>

The notes to the financial statements are an integral part of this statement.

**BRIDGEWATER TOWNSHIP  
WASHTENAW COUNTY, MICHIGAN**

**GENERAL FUND**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE –  
BUDGET AND ACTUAL**

**For the Year Ended March 31, 2005**

	<b>Budgeted Amounts</b>		<b>Actual Amounts</b>	<b>Variance with Final Budget - Positive (Negative)</b>
	<b><u>Original</u></b>	<b><u>Final</u></b>		
Total expenditures carried forward	<u>\$ 150,929</u>	<u>\$ 152,334</u>	<u>\$ 139,372</u>	<u>\$ 12,962</u>
<b>Public Safety:</b>				
Fire Department	39,680	39,680	35,148	4,532
Police services – County	62,890	83,181	83,181	
Police Substation	2,200	2,200	2,200	
Monitoring gravel pit	<u>200</u>	<u>200</u>	<u></u>	<u>200</u>
Total Public Safety	<u>104,970</u>	<u>125,261</u>	<u>120,529</u>	<u>4,732</u>
<b>Highways, streets, and bridges:</b>				
Highways, streets, and bridges	73,388	71,966	69,626	2,340
Street lighting	<u>3,000</u>	<u>3,000</u>	<u>2,664</u>	<u>336</u>
Total Highways, Streets, and Bridges	<u>76,388</u>	<u>74,966</u>	<u>72,290</u>	<u>2,676</u>
<b>Sanitation:</b>				
Clean-up day	6,000	4,240	4,240	
Drain at large	<u>17,500</u>	<u>17,770</u>	<u>17,767</u>	<u>3</u>
Total Sanitation	<u>23,500</u>	<u>22,010</u>	<u>22,007</u>	<u>3</u>
Total expenditures	<u>355,787</u>	<u>374,571</u>	<u>354,198</u>	<u>20,373</u>
Excess of revenues over expenditures	1,281	50,657	81,598	30,941
Fund balance - beginning of year			<u>214,838</u>	
Fund balance - end of year			<u>\$ 296,436</u>	

The notes to the financial statements are an integral part of this statement.

**BRIDGEWATER TOWNSHIP  
WASHTENAW COUNTY, MICHIGAN**

**STATEMENT OF NET ASSETS**

**PROPRIETARY FUND**

**March 31, 2005**

	<b>Business-Type Activities – Enterprise Fund</b>
	<b><u>Sewer Fund</u></b>
<b>ASSETS:</b>	
<b>Current assets:</b>	
Cash and cash equivalents	\$ 124,243
<b>Receivables:</b>	
Grants	113,204
Due from other funds	<u>2,000</u>
Total current assets	<u>239,447</u>
<b>Noncurrent assets:</b>	
<b>Restricted assets:</b>	
Cash and cash equivalents	<u>63,493</u>
Special assessment receivable	<u>814,010</u>
<b>Capital assets:</b>	
Land	55,355
Construction in progress	<u>1,793,612</u>
Total capital assets – net	<u>1,848,967</u>
Total noncurrent assets	<u>2,726,470</u>
Total assets	<u><u>\$ 2,965,917</u></u>
<b>LIABILITIES:</b>	
<b>Current liabilities:</b>	
Accounts payable	\$ 794
Bond payable	<u>50,000</u>
Total current liabilities	<u>50,794</u>
<b>Noncurrent liabilities:</b>	
Bond payable	1,045,000
Deferred revenue – special assessment	<u>814,010</u>
Total noncurrent liabilities	<u>1,859,010</u>
Total liabilities	<u>1,909,804</u>
<b>NET ASSETS:</b>	
Invested in capital assets, net of related debt	753,967
<b>Restricted for:</b>	
Sewer construction	63,493
Unrestricted	<u>238,653</u>
Total net assets	<u><u>\$ 1,056,113</u></u>

The notes to the financial statements are an integral part of this statement.

**BRIDGEWATER TOWNSHIP  
WASHTENAW COUNTY, MICHIGAN**

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS**

**PROPRIETARY FUND**

**For the Year Ended March 31, 2005**

	<b>Business-Type Activities – <u>Enterprise Fund</u></b>
	<b><u>Sewer Fund</u></b>
<b>Operating expenses:</b>	
Materials and supplies	\$ 842
Utilities	<u>794</u>
Total operating expenses	<u>1,636</u>
Operating loss	<u>(1,636)</u>
<b>Nonoperating revenues (expenses):</b>	
Special assessments	124,544
Interest income	18,689
Grant	521,823
Loss on land sale	<u>(7,414)</u>
Total nonoperating revenues (expenses)	<u>657,642</u>
Net income	656,006
Total net assets – beginning of year	<u>400,107</u>
Total net assets – end of year	<u><u>\$ 1,056,113</u></u>

The notes to the financial statements are an integral part of this statement.

**BRIDGEWATER TOWNSHIP  
WASHTENAW COUNTY, MICHIGAN**

**STATEMENT OF CASH FLOWS**

**PROPRIETARY FUND**

**For the Year Ended March 31, 2005**

**INCREASE IN CASH AND CASH EQUIVALENTS**

	<b>Business-Type Activities – <u>Enterprise Fund</u></b>
	<b><u>Sewer Fund</u></b>
<b>Cash flows from operating activities:</b>	
Cash paid to suppliers	\$ (842)
Net cash used in operating activities	<u>(842)</u>
<b>Cash flows from investing activities:</b>	
Special assessments	124,544
Capital expenditures	(1,578,792)
Land sale – net loss	(7,414)
Interest income	18,689
Grant received	412,549
Bond proceeds	<u>1,095,000</u>
Net cash provided by operating activities	<u>64,576</u>
Net increase in cash and cash equivalents	63,734
Cash and cash equivalents – beginning of year	<u>124,002</u>
Cash and cash equivalents – end of year	<u><u>\$ 187,736</u></u>

**RECONCILIATION OF NET OPERATING LOSS TO NET CASH  
USED IN OPERATING ACTIVITIES**

Net operating loss	\$ (1,636)
<b>Adjustments to reconcile net operating loss to net cash used in operating activities:</b>	
Increase (decrease) in accounts payable	<u>794</u>
Net cash used in operating activities	<u><u>\$ (842)</u></u>

The notes to the financial statements are an integral part of this statement.



**BRIDGEWATER TOWNSHIP  
WASHTENAW COUNTY, MICHIGAN**

**FIDUCIARY FUND**

**TAX COLLECTION FUND**

**SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES**

**For the Year Ended March 31, 2005**

	<b><u>Balance</u></b> <b><u>April 1, 2004</u></b>	<b><u>Additions</u></b>	<b><u>Deletions</u></b>	<b><u>Balance</u></b> <b><u>March 31, 2005</u></b>
<b><u>ASSETS</u></b>				
Cash and investments	\$ 7,375	\$ 2,509,050	\$ 2,506,854	\$ 9,571
Total assets	<u>\$ 7,375</u>	<u>\$ 2,509,050</u>	<u>\$ 2,506,854</u>	<u>\$ 9,571</u>
 <b><u>LIABILITIES</u></b>				
Due to other funds	\$ 2,627	\$ 9,571	\$ 2,627	\$ 9,571
Due to other governments	<u>4,748</u>	<u>2,499,479</u>	<u>2,504,227</u>	<u>          </u>
Total liabilities	<u>\$ 7,375</u>	<u>\$ 2,509,050</u>	<u>\$ 2,506,854</u>	<u>\$ 9,571</u>

The notes to the financial statements are an integral part of this schedule.

**BRIDGEWATER TOWNSHIP  
WASHTENAW COUNTY, MICHIGAN**

**NOTES TO FINANCIAL STATEMENTS**

**March 31, 2005**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of Bridgewater Township, Washtenaw County, Michigan (Township) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units.

Effective April 1, 2004, Bridgewater Township, Washtenaw County, Michigan implemented the provisions of GASB Statement No. 34, *Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments*. Significant changes in the statement include the following:

- ◆ A Management’s Discussion and Analysis (MD&A) section providing an analysis of the Township’s overall financial position and results of operations has been included with the financial statements.
- ◆ Financial statements prepared using full accrual accounting for all of the Township’s activities.
- ◆ A change in the fund financial statements to focus on the major fund.

These and other changes are reflected in the accompanying financial statements (including notes to financial statements). Bridgewater Township has elected to implement the general provisions of the statement.

**A. Reporting Entity**

The Township of Bridgewater is a noncharter township, governed by a Board of Trustees. As required by generally accepted accounting principles, these financial statements present Bridgewater Township as a primary government. There are no component units to the Township.

**B. Government-wide and Fund Financial Statements**

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

**BRIDGEWATER TOWNSHIP  
WASHTENAW COUNTY, MICHIGAN**

**NOTES TO FINANCIAL STATEMENTS**

**March 31, 2005**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Separate financial statements are provided for governmental funds, proprietary funds, and a fiduciary fund, even though the latter are excluded from the government-wide financial statements. A Major governmental fund and a major enterprise fund are reported as separate columns in the fund financial statements.

**C. Measurement Focus, Basis of Accounting and Financial Statement Presentation**

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures are recorded only when payment is due.

Amounts due from other governments and services provided associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

**The government reports the following major governmental fund:**

The *General Fund* is the general operating fund of the Township. It is used to account for all financial resources except those required to be accounted for in another fund.

**The government reports the following major proprietary fund:**

The *Sewer Fund* accounts for the acquisition, operation, and maintenance of the Township's sewer system.

**Additionally, the government reports the following fund type:**

The *Fiduciary Fund (Tax Collection Fund)* is an agency fund used to account for assets that the government holds on behalf of others (including other funds of the Township) as their agent.

**BRIDGEWATER TOWNSHIP  
WASHTENAW COUNTY, MICHIGAN**

**NOTES TO FINANCIAL STATEMENTS**

**March 31, 2005**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the *option* of the following subsequent private-sector guidance for their business-type activities (Sewer Fund), subject to this same limitation. The Township has elected not to follow subsequent private-sector guidance.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments of utility charges between the Township's sewer function and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various function concerned.

Amounts reported as *program revenues* included 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

The Proprietary Fund distinguishes *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Sewer Fund will be charged to customers for sales and services. Operating expenses for this fund include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the Township's policy to use restricted resources first, then unrestricted resources as they are needed.

**D. Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**E. Assets, liabilities, and net assets or equity.**

**1. Cash and investments**

Cash includes amounts in cash on hand, demand deposits, except those deposits noted as investments (see below), as well as short-term investments with a maturity date within three months of the date acquired by the government.

**BRIDGEWATER TOWNSHIP  
WASHTENAW COUNTY, MICHIGAN**

**NOTES TO FINANCIAL STATEMENTS**

**March 31, 2005**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Investments may include money market and certificates of deposit where the intent is to hold funds long-term, as well as investments with maturity dates over three months of the date acquired by the government.

State statutes authorize the government to invest in Obligations of the U.S. Treasury, Federal Agencies, commercial paper, corporate bonds, repurchase agreements, and State approved Investment Pools.

**2. Receivables and payables**

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the noncurrent portion of interfund loans). Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources. The Township had no advances between funds at March 31, 2005.

Personal property taxes receivable is shown net of an allowance for uncollectibles.

The Township property tax is levied on each December 1 on the taxable value of property located in the Township as of the preceding December 31.

The Township's 2004 ad valorem tax was levied and collectible on December 1, 2003. It is the Township's policy to recognize revenue from the current tax levy in the current year when the proceeds of this levy are made available for the financing of Township operations. Payment from the County Delinquent Tax Fund, which purchases the 2003 delinquent real property taxes, is recorded as a receivable and recognized as revenue in the current fiscal year.

The 2004 taxable value of Bridgewater Township totaled \$72,153,500, on which ad valorem taxes levied for all Township purposes are \$226,564. Millage rate is 3.1401.

**BRIDGEWATER TOWNSHIP  
WASHTENAW COUNTY, MICHIGAN**

**NOTES TO FINANCIAL STATEMENTS**

**March 31, 2005**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**3. Restricted assets**

Restricted cash in the Sewer Fund represents funds held by the County for sewer construction costs.

**4. Capital Assets**

Capital assets, which include land, buildings, equipment, and sewer system, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 (amount not rounded) and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

Property, plant, and equipment of the primary government are depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	75
Equipment	20

**5. Long-term obligations**

In the governmental-wide financial statements and the proprietary fund type in the fund financial statements, long-term debt is reported as a liability.

**6. Fund Equity**

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose.

**BRIDGEWATER TOWNSHIP  
WASHTENAW COUNTY, MICHIGAN**

**NOTES TO FINANCIAL STATEMENTS**

**March 31, 2005**

**NOTE 2. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

**A. Budgetary information**

The accounting basis used by the Township for budgeting is in accordance with accounting principles generally accepted in the United States of America (GAAP).

The Township follows the budgetary procedures outlined by the State of Michigan including public hearings and proper adoption. The General Fund of the Township has a budget. All annual appropriations lapse at fiscal year end. The budgets are amended during the year as needed.

**B. Excess of expenditures over appropriations in budgetary funds**

P.A. 621 of 1978, Section 18(1), as amended, of the State of Michigan provides that a local governmental unit shall not incur expenditures in excess of the amount appropriated.

In the body of the financial statements, the Township's actual expenditures and budgeted expenditures for the budgetary funds have been shown on an activity basis. The approved budgets of the Township for these budgetary funds were adopted to the activity level.

During the year ended March 31, 2005, the Township incurred expenditures in the General Fund which were in excess of the amounts appropriated, as follows:

<u>Fund</u>	<u>Appropriations</u>	<u>Amount of Expenditures</u>	<u>Budget Variance</u>
<b>General Fund</b>			
<b>General Government:</b>			
Supervisor	\$ 15,217	\$ 15,334	\$ 117
Printing and publishing	2,036	2,301	265

These additional expenditures were funded by greater than anticipated revenues in the case of the General Fund.

**NOTE 3. DETAILED NOTES ON ALL FUNDS**

**A. Deposits and investments**

**Primary Government**

**Deposits.** At year end, the carrying value of the Township's deposits was \$489,301 and the bank balance was \$541,470. The total bank balance is classified in the following three categories of credit risk: (1) Insured or collateralized with securities held by the Township or by its agent in the Township's name. (2) Collateralized with securities held by a pledging financial institution's trust department or agent in the Township's name. (3) Uncollateralized. (This includes any bank balance that is collateralized with securities held by a pledging financial institution or by its trust department or agent but not in the Township's name.)

**BRIDGEWATER TOWNSHIP  
WASHTENAW COUNTY, MICHIGAN**

**NOTES TO FINANCIAL STATEMENTS**

**March 31, 2005**

**NOTE 3. DETAILED NOTES ON ALL FUNDS (Continued)**

Due to higher cash flows during certain times of the year, especially when property taxes are being collected, deposits of the Township increase significantly. As a result, the amounts classified in category 3 at those times of year were substantially higher than at year end.

	<u><b>CATEGORIES</b></u>			
	<u><b>1</b></u>	<u><b>2</b></u>	<u><b>3</b></u>	<u><b>Total</b></u>
Checking accounts	\$ 123,967	\$	\$	\$ 123,967
J Fund		417,503		417,503

Bank balances shown in Category 1 are insured by Federal Depository Insurance.

All deposits are with banks located in Michigan as required by statutes.

**B. Receivables**

Receivables as of year end for the government's individual major and nonmajor funds, including the applicable allowances for uncollectible accounts, are as follows:

	<u><b>General Fund</b></u>	<u><b>Sewer Fund</b></u>	<u><b>Tax Collection Fund</b></u>	<u><b>Total</b></u>
<b>Receivables:</b>				
Taxes	\$ 2,747	\$	\$	\$ 2,747
Grant		113,204		113,204
Special assessments		814,010		814,010
Intergovernmental	16,611			16,611
Due from tax account	<u>9,571</u>	<u></u>	<u></u>	<u>9,571</u>
Gross receivables	28,929	927,214	-	956,143
Less: Allowance for uncollectibles	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net total receivables	<u><u>\$ 28,929</u></u>	<u><u>\$ 927,214</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 956,143</u></u>



**BRIDGEWATER TOWNSHIP  
WASHTENAW COUNTY, MICHIGAN**

**NOTES TO FINANCIAL STATEMENTS**

**March 31, 2005**

**NOTE 3. DETAILED NOTES ON ALL FUNDS (Continued)**

**C. Capital assets**

Capital asset activity for the year ended March 31, 2005 was as follows:

**Primary Government**

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<b>Governmental activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 70,863	\$	\$	\$ 70,863
Total capital assets, not being depreciated	<u>70,863</u>	<u>-</u>	<u>-</u>	<u>70,863</u>
Capital assets, being depreciated:				
Buildings	98,329			98,329
Equipment	<u>28,244</u>			<u>28,244</u>
Total capital assets, being depreciated	<u>126,573</u>	<u>-</u>	<u>-</u>	<u>126,573</u>
Less: Accumulated depreciation for:				
Buildings	32,777	1,311		34,088
Equipment	<u>14,122</u>	<u>1,412</u>		<u>15,534</u>
Total accumulated depreciation	<u>46,899</u>	<u>2,723</u>	<u>-</u>	<u>49,622</u>
Total capital assets, being depreciated, net	<u>79,674</u>	<u>(2,723)</u>	<u>-</u>	<u>76,951</u>
Governmental activities, capital assets – net	<u>\$ 150,537</u>	<u>\$ (2,723)</u>	<u>\$ -</u>	<u>\$ 147,814</u>

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<b>Business-type activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 110,710	\$	\$ (55,355)	\$ 55,355
Construction in progress	<u>161,464</u>	<u>1,632,148</u>		<u>1,793,612</u>
Total capital assets, not being depreciated	<u>\$ 272,174</u>	<u>\$ 1,632,148</u>	<u>\$ (55,355)</u>	<u>\$ 1,848,967</u>

**BRIDGEWATER TOWNSHIP  
WASHTENAW COUNTY, MICHIGAN**

**NOTES TO FINANCIAL STATEMENTS**

**March 31, 2005**

**NOTE 3. DETAILED NOTES ON ALL FUNDS (Continued)**

Depreciation expense was charged to functions/programs of the primary government as follows:

<b>Governmental activities:</b>	
General government	\$ <u>2,723</u>
Total depreciation expense – governmental activities	\$ <u>2,723</u>

**D. Interfund receivables, payables, and transfers**

Primary Government

Due to/from other funds:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Fund</u>	<u>Interfund Payable</u>
Sewer	\$ <u>2,000</u>	General	\$ <u>2,000</u>

**NOTE 4. RESERVED FUND BALANCE – ROADS**

In November 2000, voters approved a special millage of 1.0 for the improvement and maintenance of Township roads. The unexpended portion of property taxes for roads is shown as a restricted part of fund balance.

Road activity for the year is as follows:

Reserved fund balance – roads – March 31, 2004	\$ 60,296
Road expenditures for fiscal year 2004-05	(69,626)
Property taxes – roads for 2004-05	72,152
Metro Authority revenue	<u>2,578</u>
Reserved fund balance – roads – March 31, 2005	\$ <u>65,400</u>

**NOTE 5. RESERVED FUND BALANCE – POLICE SERVICES**

The Township has a voted millage for police services which started with December 2000 tax billing. Police services are under contract with Washtenaw County which began January 1, 2002. The unexpended portion of these taxes collected are reserved. The reserved balance at March 31, 2005 was \$39,862.

**BRIDGEWATER TOWNSHIP  
WASHTENAW COUNTY, MICHIGAN**

**NOTES TO FINANCIAL STATEMENTS**

**March 31, 2005**

**NOTE 5. RESERVED FUND BALANCE – POLICE SERVICES (Continued)**

Police activity for the year is as follows:

Reserved fund balance – police – March 31, 2004	\$ -
Donation for police operations	31,445
Property taxes – police	93,798
Police expenditures	<u>(85,381)</u>
 Reserved fund balance – police – March 31, 2005	 <u>\$ 39,862</u>

**NOTE 6. WESTERN WASHTENAW CONSTRUCTION AUTHORITY**

As of January 2000, the Township of Manchester and the Township of Manchester, Freedom, and Bridgewater have created an Authority to provide for the joint enforcement and administration of construction codes and other related municipal ordinances. The Authority has replaced the Building Departments in the participating municipalities – collecting and retaining building permits and paying all related expenses, including the fees of building inspectors. The fiscal year of the Authority is July 1 through June 30. All participating units provided start-up funds for the Authority. A condensed representation of the audited financial position of Western Washtenaw Construction Authority at June 30, 2004 follows:

**GENERAL FUND:**

<u><b>BALANCE SHEET</b></u>		<u><b>STATEMENT OF REVENUES AND EXPENDITURES</b></u>	
Total assets	\$ 128,559	Total revenues	\$ 151,911
Total liabilities	<u>35,379</u>	Total expenditures	<u>143,629</u>
Net assets	<u>\$ 93,180</u>	Excess of revenues over expenditures	<u>\$ 8,282</u>

**NOTE 7. SEWER FUND**

Bridgewater Township is currently in the process of constructing a sewer system. A special assessment district has been established to provide partial funding. The special assessment roll was approved October 23, 2001. Additional funding will be provided by a State grant and a bond issue through the County.

A grant from the State became effective for expenses and work done beginning April 1, 2002. This will reimburse the Township for 34% of project costs except land acquisition. As of March 31, 2005, \$599,685 of State grant funds have been expended.

**BRIDGEWATER TOWNSHIP  
WASHTENAW COUNTY, MICHIGAN**

**NOTES TO FINANCIAL STATEMENTS**

**March 31, 2005**

**NOTE 7. SEWER FUND (Continued)**

On April 16, 2003, the Bridgewater Township Board of Trustees approved a contract between the County of Washtenaw and Bridgewater Township for the Bridgewater Wastewater System. This contract provides for the acquisition, construction, and financing of the Bridgewater sewer project and authorizes the County to issue bonds to finance the project, to be secured by the full faith and credit of the Township, and the full faith and credit of the County.

**NOTE 8. SEWER BOND INDEBTEDNESS**

As of September 1, 2004, Bridgewater Township issued bonds totaling \$1,095,000 for construction of a new sewer system. (See Note 7.)

The debt service payments are as follows:

**\$1,095,000**

**COUNTY OF WASHTENAW, STATE OF MICHIGAN  
WASHTENAW COUNTY – BRIDGEWATER TOWNSHIP  
SANITARY WASTEWATER SYSTEM PROJECT BONDS, SERIES 2004**

**SCHEDULE OF PRINCIPAL AND INTEREST REQUIREMENTS**

**ON A CALENDAR YEAR BASIS**

<u>Year</u>	<u>Principal Due June 1</u>	<u>Interest Rate</u>	<u>Interest Due June 1</u>	<u>Interest Due December 1</u>	<u>Total Principal &amp; Interest Requirements</u>
2004	\$ 0.00	0.000%	\$ 0.00	\$ 10,223.44	\$ 10,223.44
2005	50,000.00	3.000%	20,446.88	19,696.88	90,143.75
2006	50,000.00	3.000%	19,696.88	18,946.88	88,643.75
2007	50,000.00	3.000%	18,946.88	18,196.88	87,143.75
2008	50,000.00	3.000%	18,196.88	17,446.88	85,643.75
2009	50,000.00	3.000%	17,446.88	16,696.88	84,143.75
2010	65,000.00	3.000%	16,696.88	15,721.88	97,418.75
2011	65,000.00	3.250%	15,721.88	14,665.63	95,387.50
2012	65,000.00	3.500%	14,665.63	13,528.13	93,193.75
2013	65,000.00	3.625%	13,528.13	12,350.00	90,878.13
2014	65,000.00	3.750%	12,350.00	11,131.25	88,481.25
2015	65,000.00	3.875%	11,131.25	9,871.88	86,003.13
2016	65,000.00	4.000%	9,871.88	8,571.88	83,443.75
2017	65,000.00	4.100%	8,571.88	7,239.38	80,811.25
2018	65,000.00	4.150%	7,239.38	5,890.63	78,130.00
2019	65,000.00	4.250%	5,890.63	4,509.38	75,400.00
2020	65,000.00	4.375%	4,509.38	3,087.50	72,596.88
2021	65,000.00	4.500%	3,087.50	1,625.00	69,712.50
2022	65,000.00	5.000%	1,625.00	0.00	66,625.00
	<u>\$ 1,095,000.00</u>		<u>\$ 219,623.75</u>	<u>\$ 209,400.31</u>	<u>\$ 1,524,024.06</u>